

Message Text

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TO SECSTATE WASHDC 5901

AMEMBASSY WELLINGTON

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CINCPAC

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SUBJ: AUSTRALIAN CABINET RESHUFFLE AND TASMANIAN BY-ELECTION

REF: CANBERRA 3489

1. SUMMARY: AUSTRALIAN CABINET IN PROCESS OF BEING RESHUFFLED BY PRIME MINISTER WHITLAM FOLLOWING RESIGNATION OF MINISTER FOR DEVEENSE BARNARD JUNE 2. WHITLAM EXPECTED TO ANNOUNCE NEW CABINET JUNE 6 AND RUMORS ABOUND THAT THERE WILL BE NUMEROUS CHANGES, THOUGH LITTLE HARD INFO AT THIS POINT. APPEARS LIKELY THAT LIFTISH DEPUTY PRIME MINISTER CAIRNS WILL LOSE HIS PRE-STIGIOUS TREASURY PORTFOLIO, EXCHANGING POST WITH MIN. FOR SOCIAL SECURITY HAYDEN. MOST SIGNIFICANT POLITICAL CONSEQUENCE OF BARNARD RESIGNATION IS BY-ELECTION FOR HIS VACANT SEAT WHICH NOW FIXED FOR JUNE 28. THIS BY-ELECTION, WHICH COULD HAVE CONSIDERABLE POLITICAL IMPACT, IS EXAMINED IN SEPTEL. END SUMMARY.

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2. AUSTRALIAN CABINET IS IN PROCESS OF BEING RESHUFFLED BY

PRIME MINISTER WHITLAM, IN WAKE OF RESIGNATION FROM PARLIAMENT OF MINISTER FOR DEFENSE BARNARD LATE IN EVENING OF JUNE 2. AT LABOR PARLIAMENTARY CAUCUS MEETING JUNE 3 MHR JOSEPH M. RIORDAN, AGE 45, CONSERVATIVE ALP MEMBER FROM SYDNEY AREA, ELECTED TO BARNARD'S PLACE IN LABOR MINISTRY. PRIME MINISTER WHITLAM IS NOW ENGAGED IN RE-ARRANGING PORTFOLIOS AMONG 27-MEMBER LABOR MINISTRY, WITH RESULTS EXPECTED TO BE ANNOUNCED JUNE 6, AFTER PARLIAMENT HAS RISEN. THERE IS MUCH SPECULATION ABOUT CHANGES TO BE MADE IN CABINET, BUT LITTLE SOLID INFORMATION AT THIS POINT.

3. SEQUENCE OF EVENTS CLEAR ENOUGH, EVEN THOUGH MOTIVATIONS ARE STILL UNCERTAIN. WHITLAM COMMENTED TO PRESS JUNE 3 THAT FORMER MINISTER FOR DEFENSE BARNARD HAS WANTED TO RESIGN FROM PARLIAMENT FOR MORE THAN YEAR. BARNARD'S HEARING IN HIS RIGHT EAR HAS BEEN DETERIORATING, AND MRS. BARNARD HAS BEEN ILL FOR SOME TIME. BARNARD HAS SAID HE WANTS TO SPEND MORE TIME WITH HIS FAMILY. BARNARD HAS TOLD PRESS HE HAS BEEN APPOINTED AUSTRALIAN AMBASSADOR BUT HAS DECLINED TO NAME COUNTRY, AS AGREEMENT NOT YET RECEIVED. MOST ACCOUNTS REPORT HE WILL BE AMBASSADOR TO SWEDEN. DEPUTY PRIME MINISTER CAIRNS' LACK-OF LUSTER PERFORMANCE AS FEDERAL TREASURER HAS INCREASINGLY COME UNDER CRITICISM, MAKING HIM PRIME CANDIDATE FOR REPLACEMENT BY ANOTHER LABOR MINISTER. CAIRNS, AFTER INITIALLY EXPRESSING FLAT OPPOSITION TO ANY CHANGE IN HIS ASSIGNMENT, TOLD PRESS MORNING OF JUNE 3 THAT HE WOULD ACCEPT WHATEVER PORTFOLIO PRIME MINISTER GAVE HIM. (IN BACKGROUND OF CAIRNS' FALL FROM FAVOR IS NOT ONLY HIS PERFORMANCE AS TREASURER BUT ALSO INCREASING CONTROL OF HIS PERSONAL AND POLITICAL LIFE BY HIS MISTRESS, JUNI MOROSI. NO ONE CAN ARRANGE TO SEE CAIRNS WITHOUT APPROVAL OF MS. MOROSI, WHICH HAS MADE POOR IMPRESSION ON BOTH GOVERNMENT AND OPPOSITION IN PARLIAMENT.) MINISTER FOR SICAL SECURITY HAYDEN IS MOST PROMINENTLY MENTIONED AS LIKELY TO REPLACE CAIRNS AS TREASURER, AND MEDIA GENERALLY REPORT SWITCH OF PORTFOLIOS BETWEEN CAIRNS AND HAYDEN AS ACCOMPLISHED FACT.

4. APART FROM GENERAL IMPRESSION OF CONFUSION IN LABOR RANKS WHICH THESE DEVELOPMENTS HAVE GIVEN, IMMEDIATE POLITICAL CONSEQUENCE IS BY-ELECTION IN BARNARD'S FORMER SEAT LIMITED OFFICIAL USE

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OF BASS (LAUNCESTON AREA OF TASMANIA), WHICH HAS NOW BEEN SET FOR JUNE 28, UNUSUALLY QUICK ACTION FOR A BY-ELECTION. SITUATION AND PROSPECTS IN BY-ELECTION DISCUSSED IN SEPTEL.

5. COMMENT: MUCH OF THE CURRENT TURMOIL IN THE CABINET IS SURFACE FROTH WHICH WILL SUBSIDE BEFORE LONG. HOWEVER, GENERAL IMPRESSION WHICH LABOR CABINET GIVES AT PRESENT IS THAT IS TIRED, UNCERTAIN HOW TO MOVE IN FACING COMPLEX

PROBLEMS OF INFLATION AND UNEMPLOYMENT, UNSURE OF HOW TO FIT ITS LONG-PROMISED PROGRAMS FOR IMPROVED SOCIAL SERVICES INTO AN INCREASINGLY CONSTRAINED NATIONAL BUDGET. SOME OBSERVERS HAVE TERMED ELECTION OF RIORDAN TO MINISTRY AS MOVE TO THE RIGHT. HOWEVER, AS HE REPLACES GENERALLY CONSERVATIVE LANCE BARNARD, THIS VIEW WILL NOT BEAR MUCH WEIGHT. MORE SIGNIFICANT STEP IS EVIDENTLY IMMINENT DOWNGRADING OF LONG-TIME LEFTIST DR. CAIRNS FROM TREASURY TO DEPT OF SOCIAL SECURITY. HOWEVER, AS NOTED ABOVE, THIS IS PROBABLY DUE PRIMARILY TO HIS PERFORMANCE AS TREASURER BUT EVEN MORE TO NEGATIVE IMPRESSION CREATED IN PARLIAMENT BY HIS COMING SO CLEARLY UNDER INFLUENCE OF HIS MISTRESS. CAIRNS WILL CONTINUE TO BE DEPUTY PRIME MINISTER AND WILL CONTINUE TO HAVE STAGE FROM WHICH TO PROMOTE HIS VIEWS, EVEN THOUGH HIS STATUS IS DIMINISHED. CAIRNS WAS ONCE CONSIDERED POTENTIAL RIVAL FOR WHITLAM OR HIS LOGICAL REPLACEMENT IN EVENT WHITLAM DIED IN ACCIDENT. THIS HARDLY SEEMS TO BE LIKELY PROSPECT AT PRESENT, THOUGH NOT YET CLEAR WHO WILL BE WHITLAM'S HEIR APPARENT. GREEN

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